

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00  
PA-01 USIA-06 PRS-01 SP-02 EB-08 COME-00 FRB-03  
TRSE-00 XMB-02 AID-05 CEA-01 FS-01 ABF-01 /049 W  
-----042064 021315Z /53

R 021018Z AUG 77  
FM AMEMBASSY AMMAN  
TO SECSTATE WASHDC 2631  
INFO AMCONSUL JERUSALEM  
AMEMBASSY TEL AVIV

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EO 11652: NA  
TAGS: JO, EFIN  
SUBJ: LEAKAGE FROM JORDAN'S MONEY SUPPLY

1. CENTRAL BANK OF JORDAN HAS RECENTLY DISCOVERED THAT OF SOME 130 MILLION JD IN TEN JD NOTES ISSUED, THERE SEEMS TO BE ONLY ABOUT 30 MILLION JD OF THEM ACTUALLY CIRCULATING. SITUATION CAUGHT ATTENTION OF BANK AS COMMERCIAL BANKS REQUESTED NOTES IN THIS DENOMINATION TO MEET THEIR DEMAND. CENTRAL BANK HAS BEGUN SEARCH FOR THESE NOTES, WHICH SEEM TO HAVE LEAKED OUT OF MONETARY SYSTEM. BANK'S PRELIMINARY GUESS IS THAT AS MUCH AS 70-80 MILLION JD IS BEING HOARDED ON WEST BANK.

2. NOT LONG AGO, BANK RECKONED THAT PERHAPS 20-30 MILLION JD WAS HELD BY WEST BANK ARABS, AND SUDDEN LARGE INCREASE, IF PRELIMINARY GUESS IS CORRECT, IS DIFFICULT TO EXPLAIN. INCREASED UNCERTAINTY REGARDING POLITICAL FUTURE OF WEST BANK WITH ADVENT OF BEGIN GOVERNMENT WOULD ACCOUNT FOR SOME INCREASE IN "LIQUIDITY PREFERENCE". RECENTLY, PROMINENT LOCAL MONEY CHANGER ESTIMATED TO EMBASSY THAT STOCK OF JORDANIAN CURRENCY HELD ON WEST BANK IS IN RANGE OF 40-50 MILLION JD WITH FLOW OF CURRENCY TO WEST BANK AT ABOUT \$1 MILLION PER DAY. BANK MAY HAVE BEEN SIMPLY NEGLIGENT IN NOT CAREFULLY  
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TRACKING FLOW AND GRADUAL RATHER THAN SUDDEN INCREASE IN WEST BANK HOLDINGS.

3. ALTHOUGH NOT TO APPARENT PRESENT EXTENT, WEST BANK HOARDING OF LARGEST JORDANIAN CURRENCY DENOMINATION ISSUED (NOW TEN JD NOTE) HAS CAUSED CENTRAL BANK CONTINUING DIFFICULTIES IN REGULATING CURRENCY CIRCULATION IN PAST. SOME CONSIDERATION NOW BEING GIVEN TO

ISSUE OF NEW TWENTY JD NOTE TO SOLVE PROBLEM. RATIONALE IS THAT CENTRAL BANK SHOULD ISSUE ONE DENOMINATION LARGER THAN THAT DESIRED FOR CIRCULATION ON UNDERSTANDING THAT IN ANY CASE LARGEST DENOMINATION WILL BE HOARDED. PRESUMABLY ISSUANCE OF TWENTY JD NOTE WOULD BRING TEN JD NOTES BACK INTO CIRCULATION.

4. CENTRAL BANK OFFICIAL WHO IS LOOKING INTO MATTER OF TEN JD NOTE LEAKAGE, AND WHO IS SOURCE OF MOST OF ABOVE INFORMATION, BELIEVES THAT ISRAELI GOVERNMENT HOLDS ONLY MINIMUM QUANTITY OF JORDANIAN CURRENCY AT ANY TIME AND IS UNLIKELY TO BE HOLDING ANY SIGNIFICANT QUANTITY OF THE ELUSIVE TEN JD NOTES. WOULD APPRECIATE ANY INFORMATION OR COMMENT OF INFO ADDRESSEES.  
PICKERING

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MONEY, ARABS, MONEY SUPPLY, CURRENCY STABILITY  
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**Copy:** SINGLE  
**Sent Date:** 02-Aug-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977AMMAN04372  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Errors:** N/A  
**Expiration:**  
**Film Number:** D770276-0518  
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**Message ID:** 6df69e4f-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Review Release Date:** n/a  
**Review Release Event:** n/a  
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**Review Withdrawn Fields:** n/a  
**SAS ID:** 1425340  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LEAKAGE FROM JORDAN'S MONEY SUPPLY  
**TAGS:** EFIN, JO  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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